

Business Outlook

Automotive Batteries (Japan)

Message from the Business Unit Manager

In the domestic market, the decline in vehicle numbers due to the declining population caused by aging and low birthrates and the expected decrease in demand for automotive batteries in the mid-to-long term are considered risks for the Company. On the other hand, the move to electrification is progressing slower than anticipated, and demand for lead-acid batteries remains steady. We expect this solid demand for lead-acid batteries to continue for the time being.

Under the Sixth Mid-Term Management Plan, we are advancing the transformation into a business that continuously earns stable profits while also building an optimal supply system looking toward the future, with sustainable management in mind. In FY2023, we ensured stable profits by achieving a stable supply and implementing corrective activities for appropriate pricing for both new automobiles and replacements.

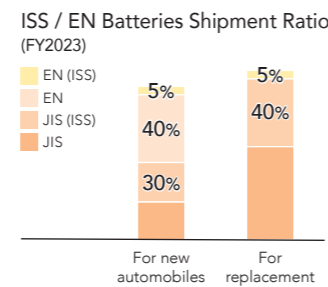
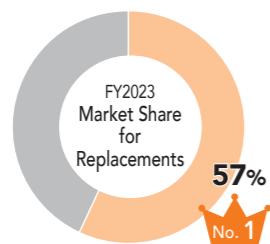
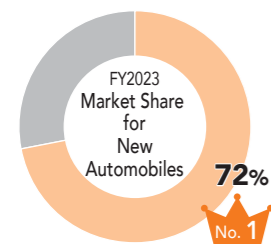
Takao Ohmae

Director, Business Unit Manager of Automotive Batteries, GS Yuasa International Ltd.



We anticipate that the rising costs of raw materials, labor, and logistics will continue beyond FY2024. For new automobiles, we will continue efforts to secure appropriate profits, while for replacement batteries, we will work on expanding sales while monitoring competitive conditions. Going forward, we will strengthen communication with distributors and customers to deliver greater added value to the market. We will also expand the sales of high-value-added products and implement timely promotional measures to steadily capture demand.

Basic information



Number of sites (As of March 31, 2024)
Production 4 sites
Sales Over 4,000 distributors

Note: Based on the Company research (Imported batteries are not included)

SWOT analysis

<ul style="list-style-type: none"> Advanced technology, quality, and expertise in lead-acid batteries accumulated over 100 years A production system that ensures a stable supply Sales know-how developed with distributors and a strong customer base Brand (domestic No. 1 share) 	<ul style="list-style-type: none"> Decreased price competitiveness due to price corrections High costs due to high-mix production
<ul style="list-style-type: none"> Demand for auxiliary batteries for electric vehicles Slowing pace of vehicle electrification 	<ul style="list-style-type: none"> Ongoing increases in raw material, labor, and logistics costs Decrease in automobile demand due to a declining birthrate and aging population, and reduced demand for lead-acid batteries due to vehicle electrification Cost competition due to commoditization Impact on the supply chain due to increasing environmental and geopolitical risks

Outlook for the Sixth Mid-Term Management Plan

Policy

Build an optimal supply system in response to change of business environment and improve profit rate

Strategies and important tasks

Production

- Establish supply system that enables both rapid response to demand fluctuations and inventory reduction

Future initiatives

- Formulation of a mid- to long-term production system vision
- Provision of an optimal production and stable supply system that corresponds to BCP

Sales

[For new automobiles]

- Improve profit ratio due to optimal price revision such as raw material prices

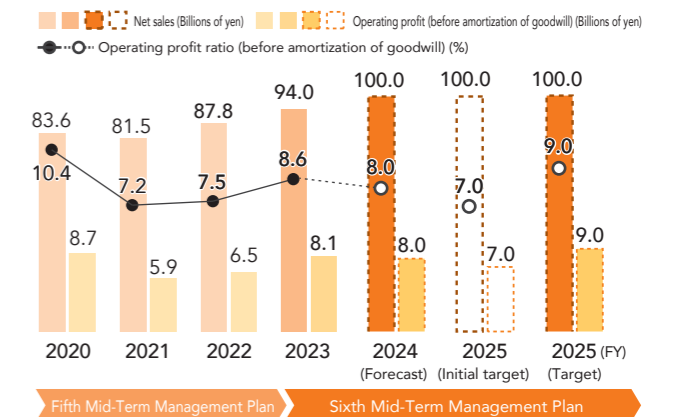
[For replacement]

- Rebuilt marketing strategies and maintain high market share
- Optimization due to IoT and digital transformation (DX)

Future initiatives

- Ongoing initiatives for strengthening further profitability

Net sales, operating profit, operating profit ratio



Outlook for the fiscal year ending March 31, 2025

For new automobiles

- Ongoing activities for securing suitable profits

For replacement

- Definite acquisition of demand through the promotion of high-value-added products and sales promotion measures

TOPICS Briefing on Automotive Lead-Acid Battery Business for Institutional Investors and Analysts

On March 15, 2024, we held an Automotive Battery Business Briefing for institutional investors and analysts. Takashi Abe, former Business Unit Manager of Automotive Batteries, provided an explanation of future market trends in Japan and overseas, as well as the mid- to long-term strategy. Please take a look.

Video of the automotive lead-acid battery business briefing
<https://www.youtube.com/watch?v=zXRkeQVyx8>



Business Outlook

Automotive Batteries (Overseas)

Message from the Business Unit Manager

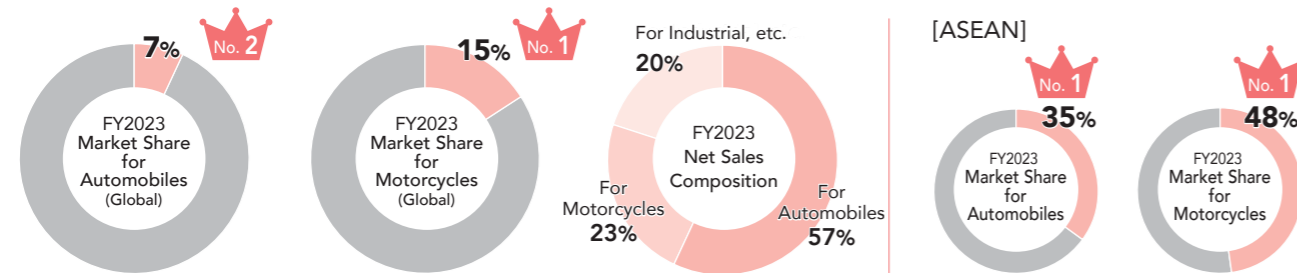
In overseas markets, we are promoting our business by closely monitoring market trends in each region, adopting a regionally-focused sales model in each country. Therefore, it is essential to establish good relationships with local partners who understand the market and share policies.

In ASEAN, where the move to electrification is slower than in Europe and the U.S., we recognize the intensified price competition due to the entry of Chinese lead-acid battery manufacturers as a risk. To address this risk, it is essential to improve cost competitiveness, technology, and sales and service competitiveness at our sites. We will focus on Thailand for automotive batteries and Indonesia as the central region for motorcycle batteries, while also concentrating on Vietnam, where demand is expected to grow. Europe is at the forefront of global trends and is an

important region for the Company. We will promote sales expansion to Europe and neighboring regions, utilizing our base in Turkey. For automotive batteries, we will focus on developing large AGM* batteries and promote the introduction of high-value-added products. Australia has a stable demand and provides an environment where we can leverage our opportunities and strengths as the only lead-acid battery manufacturer in the country. To promote "Made in Australia" marketing as the only lead-acid battery manufacturer in Australia where there is stable demand, we are expanding the sales of our own manufactured products and also promoting sales through our retail network and services to distribution networks such as distributors.

* Abbreviation for Absorbent Glass Mat battery. A sealed lead-acid battery.

Basic information



Note: Based on the Company research (Imported batteries are not included)

Number of sites (As of March 31, 2024) **21 sites**

SWOT analysis

<ul style="list-style-type: none"> Business development tailored to regionally-focused sales and strong trust-based relationships with partners in each country Extensive business knowledge in the introduction and expansion of lead-acid batteries overseas No. 1 market share and brand power in ASEAN Established presence as the only lead-acid battery manufacturer in Australia 	<ul style="list-style-type: none"> Sales ability in area without sites Decentralization of resources
<ul style="list-style-type: none"> Slowdown in the pace of vehicle electrification Improved competitiveness through strategic responses to competitors, including those in China Progress of motorization in emerging countries Expansion of auxiliary batteries market 	<ul style="list-style-type: none"> Price weakening and intensified competition in ASEAN due to the entry of Chinese lead-acid battery manufacturers amidst rapid electrification in China Impact on the supply chain and business strategy due to European-specific policies Increasing geopolitical risks and worsening economic conditions in sales regions

Outlook for the Sixth Mid-Term Management Plan

Policy

Reform management structure for the future by selection and concentration and strengthen profitability

Strategies and important tasks

[Strategic Sites]

Southeast Asia

- Maximize profits by strengthening ASEAN sites

Europe

- Reinforce sales to Europe and nearby regions utilizing the Turkish site

Australia

- Strengthen production base and expand market share of replacement batteries

Future initiatives

- Strengthen the management base and further improve profitability by concentrating resources

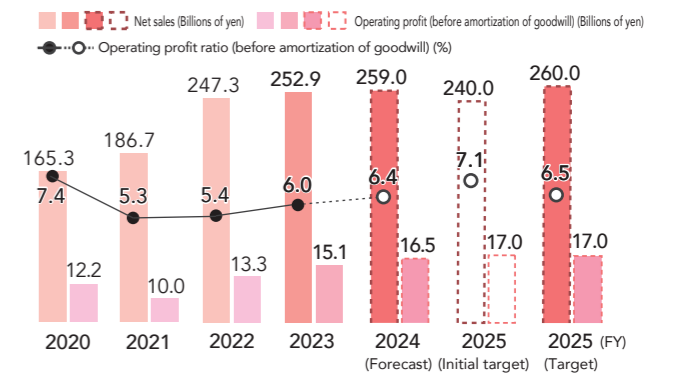
China

- Promote fundamental review of business

Future initiatives

- Promote a strategy based on selection and concentration following the equity method as implemented in sites in China

Net sales, operating profit, operating profit ratio



Fifth Mid-Term Management Plan | Sixth Mid-Term Management Plan

Outlook for the fiscal year ending March 31, 2025

Southeast Asia

- For automobiles: Increase in volume, mainly in Thailand
- For motorcycles: Increase due to recovery in Indonesia

Europe

- Expect strong exports due to the depreciation of the Turkish lira

Australia

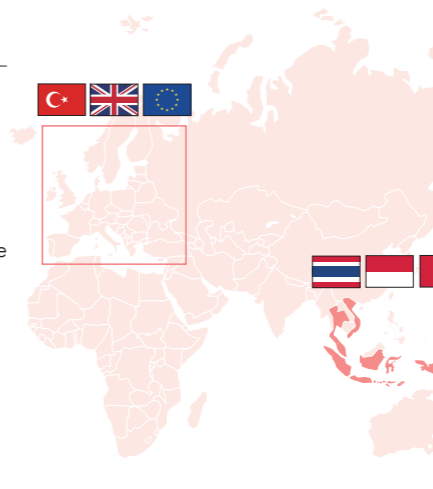
- Expansion of sales under "Made in Australia"

Strategy by region

European Region

Turkey site

Form a product mix centered on high-value-added products, and expand sales as an export base to Europe and neighboring regions, leveraging the depreciation of the Turkish lira



Southeast Asia

Thailand site

As a core site for automotive batteries, leverage brand and product strength to expand sales of high-value-added products

Indonesia site

As a core site for motorcycle batteries, improve profit margins by strengthening the expansion of batteries for replacement and export

Production Volume (Thailand)

FY2023: **5 million units/year**

Further market share expansion in Thailand and strengthen sales expansion into neighboring countries

Vietnam site

Increase productivity through the introduction of labor-saving equipment and expand sales by reviewing the sales structure